

**CHARTER TOWNSHIP OF CLINTON  
SPECIAL MEETING OF THE BOARD OF TRUSTEES  
MONDAY, FEBRUARY 2, 2009**

<b>PRESENT: ROBERT J. CANNON GEORGE FITZGERALD WILLIAM SOWERBY  ERNEST HORNUNG KEN PEARL DEAN REYNOLDS JENIFER WEST</b>	<b>SUPERVISOR CLERK TREASURER  TRUSTEE TRUSTEE TRUSTEE TRUSTEE</b>
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**ABSENT: NONE**

The Special Meeting of the Board of Trustees was called to order at 6:30 p.m. in the Board Chambers. The Pledge of Allegiance was recited.

**APPROVAL OF AGENDA**

Mr. Cannon requested the addition of a discussion on the Downtown Development Authority (DDA) Budget.

Motion by Mr. Sowerby, supported by Mr. Hornung, to approve the agenda as with the addition of a discussion on the Downtown Development Authority (DDA) Budget for 2009-2010. Roll Call: Ayes – Sowerby, Hornung, Reynolds, Pearl, Cannon, West, Fitzgerald. Nays – None. Absent – None. Motion carried.

**1. DISCUSSION ON DOWNTOWN DEVELOPMENT AUTHORITY (DDA)  
BUDGET FOR 2009-2010**

Ms. Donna Sassin, Treasurer of the Downtown Development Authority (DDA), reviewed some of the expenditures from the past year, including the completion of landscaping along the Gratiot corridor. They originally allocated \$180,000 for this project, but through lower bids, were able to reduce that cost to \$154,000. They installed thirteen (13) bus stop shelter pads, four (4) shelters and many trash receptacles. She added that the buses now carry trash receptacles so that has helped immensely. Ms. Sassin indicated that the sign with the electrical digital display was installed last summer, and they are now working on obtaining the signatures needed for the street lighting. She explained that they have 42% and they need 51% before they can proceed. She noted that they will be opting for LED lighting, which has a larger up-front cost but it will pay for itself in five years and is much more environmentally-friendly. Ms. Sassin informed that the largest portion of this year's budget will be going toward street lighting. They are anticipating approximately \$135,000 from tax revenue, which is approximately a 7% decrease from last year. There is \$10,000 set aside for bus stop beautification, \$76,000

for corner landscaping in addition to the existing landscaping, \$20,000 for Township staff support and \$10,000 for median maintenance to be done by the Department of Public Works.

Mr. Cannon stated that since the Board just received this proposed Budget this evening, he suggested that the Board receive and file and bring this back at a later date.

Mr. Sowerby thanked Ms. Sassin, Mr. Thomas and Mr. Tignanelli for being here tonight, and he appreciated the DDA's efforts to move forward. He realized that the revenue from the tax dollars is going down but felt the right things are being done along Gratiot with the improvements to the lighting and the landscaping.

Motion by Mr. Sowerby, supported by Mr. Reynolds, to receive and file the report presented tonight on the Downtown Development Authority's proposed budget, and to bring back official approval of this budget at a later Township Board meeting. Roll Call: Ayes – Sowerby, Reynolds, Hornung, Pearl, Cannon, West, Fitzgerald. Nays – None. Absent – None. Motion carried.

## **2. DISCUSSION ON PROPOSED TOWNSHIP BUDGET FOR 2009-2010**

Ms. Donna Lauretti, Finance Director, explained that spending is outpacing revenues, but incoming revenues are expected to decrease. She explained that they anticipate a 7% decrease in taxable value this year, with an additional 5% decrease the following year. She pointed out that this was projected to show what the budget will look like in the future without any change to its structure. Ms. Lauretti explained that the General Fund Expenditures reflect less than a 1% increase. There has been a reduction of five full-time employees from the General Fund during this past year. Over the past three years, it has been reduced by twelve positions. She commended the Township for being so conservative and not filling every vacant position; otherwise, this would have been a much larger deficit. She summarized some of the cost-saving measures, department by department, as follows:

- There have been savings to many departments due to a lower cost to the Township in health care as a result of the employees' acceptance of a change in their health care benefit.
- Township switched to a self-insured plan.
- Supervisor's budget was decreased due to the elimination of the Deputy Supervisor position and the restructuring of the other positions.
- Accounting's budget is less due to both the Finance Director and Assistant Finance Director being at the beginning of the pay range for those positions.
- Clerk's overtime was reduced but not eliminated to provide for anticipated elections. Their publication costs were also reduced significantly by publishing a briefer synopsis of the minutes of the Township Board meetings, which is allowed by law.
- Some of the budget for I.T. was switched to Water and Sewer. Staffing levels remain the same.

- Treasurer's has two staff members less than it did three years ago.
- Assessing's budget reflects the elimination of a Property Appraiser and two (2) Clerk II positions. Their budget for education and training has been increased to reflect new state requirements.
- Elections' budget fluctuates due to the scheduling of elections. The cost for absentee electronic tabulations is included in that figure.
- The budget for Building and Grounds reflects money saved on building and roof projects. It also includes \$20,000 in capital outlay to replace two (2) heat pumps.
- Civil Service includes the continuation of charging 25% of the Confidential Clerk's pay to the Civil Service budget.
- Human Resources is a continuation of existing staffing levels.
- Planning Department reflects a reduction because \$55,000 was allocated in the 2008-2009 Budget Year for the Master Plan for Future Land Use, and \$25,000 is being proposed to complete that plan in the 2009-2010 Budget. Education and Training has been increased by \$500 for GIS, and costs for map printing are included.
- Cable is reflecting a reduction of \$35,000 in office supplies, and the remainder of the budget is consistent with this year.
- Building Department's budget reflects an increase in Office Supplies because of reprinting Permit Applications and Rental Applications due to changes in requirements. Training costs are also included because the building inspectors are nearing the end of a three-year cycle and will need to renew their credits.
- Public Works reflects a decrease of five (5) seasonal workers. Unidig invoices \$7,000 which is charged to the Drain Fund. Their 2008-2009 budget included \$10,000 for a building study to be conducted on the DPW garage, although nothing in the 2009-2010 budget relates to the outcome of that study because the results of that study are not complete at this time. The budget reflects the maintenance at the George George Park.
- Parks & Recreation reflects a reduction in seasonal employees by 18%. Revenues reflect an increase for certain fees. The line item for Printing and Publication has been reduced because they are going from three publications to two publications per year, resulting in a net expenditure reduction of \$135,000.
- Seniors reflects a decrease in the budget for the anticipated savings on the bid for printing the newsletter. Revenues have been increased for certain fees.

Ms. Lauretti reported that the General Fund Budget shows expenditures exceeding revenues by \$72,154. This is close to being balanced due to the continued reduction of staffing over the last two or three years. She indicated that there are two current vacancies that are still included in the proposed budget: a PBX operator and a Clerk II in the Department of Public Works Department. If these two positions are eliminated, she estimated that would result in a savings of \$122,300, thereby balancing the budget, with revenues exceeding expenditures. She stressed that continued staff reductions are necessary for the General Fund to sustain in the years to come, and fortunately, this can be done through attrition without layoffs.

Ms. Lauretti stressed that the projected amounts do not reflect any salary increases after the current contract expirations. If there are any salary increases in the next contracts, these numbers will be much worse. She added that they are anticipating an 8% increase in health care, and if no changes are made to the financial structure of the Township, either revenues will have to increase or expenditures will have to decrease. She showed how, if no changes are made, they will experience a deficit of \$353,000 by next year, \$612,000 the following year, and \$802,000 the year after that. The fund balance of \$1.8 million would be eaten away over the next four years. She acknowledged that, although it is currently a healthy fund balance, it should not be depleted. She also pointed out that these figures do not include any expenses for capital outlay, and although the Department of Public Works, along with other departments in the Township, have been repairing rather than replacing, eventually new equipment will need to be purchased when repairs are more costly than replacement. She noted that the DPW garage will need repairs, and she recommended that the fund balance not be used for current operations. Ms. Lauretti emphasized that current expenditures must be funded by current revenues.

Ms. Lauretti explained that the stimulus package, being proposed in Washington, will be providing money for specific programs where dollars will flow through Lansing. Clinton Township and other local communities could benefit by receiving funding for road projects, school modernization and other projects, and none of these are reflected in the budget. She felt that if available, these dollars could be pursued and the budget could be amended. She indicated if the State of Michigan receives \$2.1 billion to help them balance their budget, the revenue sharing may not be drastically reduced, so she felt the projected 3% decrease is still a conservative estimate. She cautioned, however, that if the stimulus package does not sufficiently stimulate the economy, the situation could be worse in the next couple of years.

Ms. Lauretti reviewed the proposed Police revenues and expenditures for 2009-2010. She noted they are discontinuing the Crossing Guard program at the request of the school district. She reviewed the expenditures, including the purchase of five (5) Crown Victoria cars, and added the Police Department generally replaces more than five cars. She noted that revenues exceed expenditures by \$1,130, but this was achieved by charging off expenditures to the Drug Forfeiture Fund, which is really a “one-time fix” because they cannot count on that. If there are no changes to the structure, the Police Fund will be looking at a \$1.4 million deficit in 2010 and over \$2 million in the year ending in 2013. The fund would be depleted in January 2013. She stressed that this fund will need a structure change, either by increasing revenues or reducing expenditures. The reduction in expenditures would have to come from personnel as that is 90% of the expenditures. She pointed out that, for the next nine months, there are no revenues, so nine-twelfths of what is in the fund balance needs to be used for operating expenditures.

Ms. Lauretti reviewed the Fire Fund. The revenues include a payment in lieu of taxes from the Water Department in the amount of \$105,000. It also reflects a 7% reduction in property tax revenue, which equates to \$1.1 million less than the current year. She

summarized that expenditures exceed revenues in the amount of \$605,704 for 2009-2010. There could be a savings if they do not provide subsidy for retiree health care contribution but that is a one-time fix. She anticipated that the fund deficit, with no changes to the structure, will grow to \$2.1 million in 2010-2011, and to \$2.5 million in 2012-2013. She stated that, like the Police Fund, the reductions in Fire expenditures would have to come from salaries as they make up 90% of expenditures. She acknowledged that there is very little discretionary spending in this fund. She expected the actuarials to be much lower, and this does not show effects of a purchase of military time. There are two vacant positions and not filling these will save approximately \$200,000. She felt it is unlikely that attrition will handle this deficit. Ms. Lauretti indicated that the Fire fund is facing an immediate crisis and needs to be addressed as soon as possible.

Ms. Lauretti continued to briefly review the Capital Improvement Revolving Fund, the Sanitation Fund and the Water and Sewer Fund. She explained that it is a time for the Township Board to make decisions. She suggested the following possibilities that can be considered:

- Elimination of the PBX Operator and the Clerk II in DPW, resulting in revenues exceeding expenditures by \$205,000 in the General Fund.
- Even though revenues exceed expenditures in the Police Fund by \$1,100, she indicated that there is a \$1.4 million projected deficit for 2010-2011. She acknowledged that there are currently no vacant positions in the Police Department, but she strongly suggested not filling any upcoming vacancies unless revenues have been increased.
- Elimination of the two (2) vacant positions in the Fire Department will result in a savings of \$200,000. The Fire Fund would need to see four (4) firefighters laid off in order to reduce the expenditures by \$405,704, but she recommended it not be done without a plan to eliminate positions as they become vacant during the year.
- Put some of the revenue enhancements into effect, as she has outlined, including the assessment of a 1% administration fee on the tax roll, which would generate \$1.3 million. She added that the Board can vote to put this in place without a vote of the general public.
- Consider Headlee override or Truth in Taxation. She explained that the override to the Headlee Amendment would require a vote of the residents, but Truth in Taxation would only require a vote of the Township Board. She added that the Truth in Taxation would result in a minimal savings to the Township, and the majority would be through the override of the Headlee Amendment.
- Dedicated millages could be increased, such as Police, Fire or other operations.
- Combining dispatch in Police and Fire, although it would have to be determined whether this would result in an elimination of people and whether there would be additional dispatchers needed. She did not have an estimate of the cost savings at this time.

Discussion took place at this time.

Mr. Fitzgerald inquired as to the rate of inflation that was used in the projected budget years.

Ms. Lauretti replied that they did not use a CPI because historically, the budgets do not go up by the CPI. As far as salaries and fringe benefits, they used what is stipulated in the remainder of the contracts, with a 0% increase after the contracts expire. She noted that they calculated in an 8% increase in health care, and 1% to 2% on other line items. She acknowledged that some line items could go up a lot, while others may not go up at all. She clarified that they used 1% to 2% for “other expenditures”, not the 2% to 3% as listed on the worksheet.

Discussion took place regarding the anticipated increases in retiree health care costs.

Ms. Lauretti replied that they are waiting for the new actuarial because they have to have that done every two years. If the Township did not fund it, that disclosure would have to be made on the statements and that would not look good.

Mr. Fitzgerald inquired as to what other communities are doing to reduce costs.

Ms. Lauretti replied that she has read that a lot of communities are reducing personnel, and some communities are facing the prospect of having to lay off employees. She replied to inquiry that she is not familiar with a “zero-based budget” and would have to do more research on that.

Mr. Fitzgerald inquired as to whether Ms. Lauretti felt this can be “weathered” through attrition.

Ms. Lauretti replied that answer varies from fund to fund, with the major factor being the amount of retirements. She indicated that there are incentives in some employees’ contracts that encourage them to stay longer. She felt that because of the current economy and the drastic decline in investments, employees who would qualify for retirement may not opt to retire at this time.

Mr. Cannon replied to inquiry that the Township is down 33 employees over the last couple of years.

Ms. Lauretti replied to inquiry that the Headlee override would take the reduced taxation rate of 0.7289 back to 1.0, which would increase taxes.

Mr. Pearl explained that schools have had to do this because the state has threatened that they could not collect the money until they asked for the override. It was important to the school system.

Ms. Sharon Schaffner, Assessing Administrator, explained that it would take a vote of the people to override the Headlee Amendment and that would have to be done before they set the millage rates, which is generally done in August or September. She replied to inquiry that they have the option to make it effective for multiple years. She replied to further inquiry that they are still working on reductions, but will most likely not know the actual figures until the end of September.

Ms. Lauretti was confident that they are using conservative numbers.

Mr. Reynolds inquired as to the type of savings to the Township if the Firefighter's union accepts the same changes in medical coverage as the other Township employees have accepted in their contracts.

Ms. Lauretti replied that, while there may be a savings, that cannot be budgeted at this time. They must budget the same until there is something concrete, because negotiations can take a while. She replied to further inquiry that, hypothetically, if the Firefighter's union comes to an agreement in the next six months, the cost savings for the less expensive medical coverage could save approximately \$285,000. She reminded that is assuming they do not get any increases in anything else because any increases would offset that amount.

Ms. Lauretti replied to Ms. West's inquiry that she felt her numbers are conservative with regard to the interest rate.

Mr. Fitzgerald replied to inquiry that he is anticipating the election for the County Executive position to be held in November. He did not feel the deadlines will be met for an August election. He replied to further inquiry that there is an election in May involving four of the five school districts in the Township. Fraser School District is opting for a November election.

Mr. Roger Holtslander, 38015 St. Tropez, Clinton Township, Michigan 48038, felt that the budget presentation is conservative, but possibly not conservative enough. He anticipated that they are due for another 20% drop in housing prices. He pointed out that the budget as proposed allows for no capital outlay and no increases in salaries. He cautioned that the Township has not yet been able to put a stop to salary increases over the last few years, and he felt there will need to be some type of capital outlay. He pointed out that the projected overtime for Police has declined, and he questioned whether that will actually go down. He felt they have been overshooting expenditures to revenue by about \$100,000 each year, so he was not convinced that the budget is balanced. He claimed that the Sanitation and Senior Housing Funds are both examples of "kicking expenses over to other funds". He did not feel the Township will be able to go to the voters and get a tax increase approved. He has not heard any mention of salary containment from the employees, and he pointed out that the State of Michigan is asking their employees to take salary cuts. He felt the Township is "just kicking the can down the road", and the answer cannot be all about getting more money.

Ms. Lauretti addressed the question of overtime in the Police Department, and explained that they anticipate that cost will go down because there is a reduction of court time.

Police Chief Fred Posavetz clarified that they cannot predict overtime in law enforcement, but stressed that only subpoenaed officers that are absolutely necessary will be paid overtime for court.

Mr. Cannon complimented Ms. Lauretti and Ms. Hein for putting a lot of work and thought into this year's proposed budget.

Mr. Russell Holtslander, 38015 St. Tropez, Clinton Township, Michigan 48038, questioned why wood chipping is not a service that can be charged solely to those taking advantage of that service. He did not feel it should come out of the general fund. He noted that Governor Granholm is taking positive action to reduce the salaries of the state employees, and also to merge 18 departments into 8. He was aware of union contracts with the Township so he was not sure what could be done with regard to salary reductions, but he inquired as to whether some of the Township departments could be merged, eliminating the need for so many department heads who get paid so much more than the other employees.

Mr. Cannon explained that there are a lot of different functions that must be performed, and although there may be merged departments, the Township still needs to offer services that the residents and business owners have come to expect.

Mr. Sowerby felt there are difficult decisions to be made in this budget, and the following year will be even more difficult. He commended Ms. Lauretti and Ms. Hein on presenting what the Township needs to hear. He felt they need more discussion on this, and there are some unanswered questions as to where additional revenues can be raised, possibly by imposing new fees on some of the senior citizen activities, determining ways to cut spending in other departments, such as clothing allowances or less expensive ways to train staff, all of which may be minor steps but he added that every step helps. He commented that the Township has a great compliment of building inspectors, and he felt the Township needs to look at where to direct their priorities. Mr. Sowerby indicated that his feeling on state revenue sharing amounts is a little more pessimistic than that of Ms. Lauretti. He pointed out that the money coming from sales will be way down, and even if the stimulus package is approved in Washington, he did not feel it will impact enough at the state level to generate higher revenue-sharing. He felt one of the most powerful committees in the House of Representatives is the Appropriation Committee, of which Mr. Fred Miller is a member. Mr. John Switalski is also on it, and they may be able to bring some of those dollars into Clinton Township. Mr. Sowerby commented that dollars toward road improvement projects would help, especially the Cass Avenue project, because that would free up Township dollars that has been committed for that improvement. He commented that the Clinton Township taxpayers have been very good in responding to requests from the local government, but difficult choices are ahead. He



was confident that Michigan will “reinvent itself” but it is not what we had before. He suspected that the proposed budget, although conservative, may not be conservative enough. He anticipated looking at the next three to five years of continued decline in the economy so the Township must budget accordingly. He felt more healthy debates are needed.

Discussion took place as to whether to have another special meeting, or whether to schedule further discussion of the budget on a regular meeting agenda.

Mr. Pearl stated he would like to see this Board meet in Closed Session to discuss labor negotiations.

Mr. Cannon noted that currently, the Firefighter’s and Appraiser’s contracts are being looked at.

Mr. Sowerby agreed with Mr. Pearl’s suggestion and felt it would be wise.

Ms. West felt that to discuss the budget prior to the Closed Session may be “putting the cart before the horse”.

Mr. Sowerby felt the two could come on the same night because they are in the discussion phase of the Budget.

Motion by Mr. Pearl, supported by Mr. Reynolds, to receive and file the presentation by Ms. Donna Lauretti and Ms. Mary Hein on the Proposed 2009-2010 Budget; further, to schedule further discussion on the Budget for the next Regular Meeting of the Township Board, to be held on Monday, February 9, 2009 at 6:30 p.m. in the Township Board Chambers, and to request to schedule a Closed Session to be held immediately following the February 9<sup>th</sup> Meeting. Roll Call: Ayes – Pearl, Reynolds, Hornung, Cannon, West, Sowerby, Fitzgerald. Nays – None. Absent – None. Motion carried.

**ADJOURNMENT**

Motion by Mr. Hornung, supported by Ms. West, to adjourn the meeting. Roll Call: Ayes – Hornung, West, Reynolds, Pearl, Cannon, Sowerby, Fitzgerald. Nays – None. Absent – None. Motion carried. The meeting adjourned at 8:14 p.m.

Respectfully submitted,

GEORGE FITZGERALD, CLERK  
CHARTER TOWNSHIP OF CLINTON

Approved